

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7388

BILL NUMBER: HB 1728

DATE PREPARED: Feb 11, 1999

BILL AMENDED: Feb 10, 1999

SUBJECT: Disabled from trade compensation.

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill creates disabled from trade compensation. It provides that an employee who:

- (1) has an injury that results in a temporary total disability or a temporary partial impairment;
- (2) has reached maximum medical improvement; and
- (3) is capable of performing work with permanent limitations or restrictions that prevents the employee from returning to the position the employee held before the employee's injury

may receive compensation for the difference in average weekly earnings lost. The bill also limits disabled from trade compensation to 52 consecutive weeks or 78 aggregate weeks and provides for the determination of disabled from trade compensation.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) This bill establishes disabled from trade compensation. Under this proposal, if an employee sustains a injury resulting in temporary total disability or temporary partial impairment, has reached maximum medical improvement, and cannot return to his/her previous position, this employee may be compensated for 66 2/3% of the difference between former and current weekly earnings. However, the wage differential used in calculating disabled for trade compensation may not exceed the average weekly wage as established under worker's compensation law. Based on the July 1, 1999 effective date of this bill, the maximum compensation allowed under this bill would be \$488 (66 2/3% of the average weekly wage of \$732) each week until July 1, 2000, when current law would boost the maximum amount to \$502 (66 2/3% of \$762).

Even if the individual is not currently earning a wage, as is the case with workers who must undergo therapy or take classes to prepare for employment in a different trade, weekly compensation would equal the lesser

of 66 2/3% of \$732 or the employee's previous weekly earnings (from July 1, 1999 to July 1, 2000). Disabled from trade compensation would be available in addition to any other compensation awarded for such injuries. Eligibility for disabled from trade compensation is limited to 52 consecutive weeks or 78 aggregate weeks. The maximum amount that could be collected by an injured employee under this bill would be \$38,064 (66 2/3% of \$732 multiplied by 78 weeks) through July 1, 2000.

The overall impact of this proposal is difficult to determine. The Worker's Compensation Board does not collect information concerning the number of workers that cannot return to work at their original position. However, as the majority of workplace injuries would not prevent an employee from returning to his/her previous position, it is likely that the additional costs resulting from this proposal would represent a relatively small share of total worker's compensation payments. Compensation paid to state employees (exclusive of medical benefits) totaled approximately \$2.9 M in FY 1996, \$3.1 M in FY 1997, and \$3.4 M in FY 1998. The information in this fiscal note may be updated if a more accurate cost estimate becomes available.

Explanation of State Revenues:

Explanation of Local Expenditures: Local governments and school corporations could incur an indeterminable increase in expenses as a result of this proposal (see above Explanation of State Expenditures). Like the state, most of these units are self-insured and would directly bear any additional costs related to disabled from trade compensation. For any entities purchasing private worker's compensation insurance, the cost of insurance premiums would likely increase as a result of this proposal.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local governments, school corporations.

Information Sources: Katrina Clingerman, Policy Analyst, Worker's Compensation Board, (317) 233-3384; Department of Personnel, (317) 232-0200.